

## Message Text

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PAGE 01 ALEXAN 00162 171542Z POSS DUPE  
ACTION NEA-10

INFO OCT-01 EB-08 ISO-00 /019 W  
-----070792 180750Z /21  
R 171440Z FEB 78  
FM AMCONSUL ALEXANDRIA  
TO SECSTATE WASHDC 1610  
USDOC WASHDC  
INFO AMEMBASSY CAIRO

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E.O. 11652: N/A  
TAGS: EPAP, EG  
SUBJECT: LUMBER IMPORTS PARTIALLY BANNED

REF: A. ALEXANDRIA 0066 B. ALEXANDRIA 138 (NOTAL)

1. EL-GOMHOURIA REPORTED FEBRUARY 11, 12 AND 13 DECISION OF EGYPTIAN MINISTRY OF TRADE TO BAN NEW CONTRACTS FOR IMPORTS OF ALL VARIETIES OF LUMBER INCLUDING WHITE-WOOD, REDWOOD AND BAULKS. BAN EXCEPTS ONLY HARDWOOD AND PLYWOOD, FOR WHICH THERE IS A SEVERE SHORTAGE, AND REPORTEDLY IS FOR A PERIOD OF 12 MONTHS BEGINNING FEBRUARY 1, 1978.

2. ARTICLES STATED SOLE PUBLIC SECTOR LUMBER IMPORTING FIRM, SOCIETE COMMERCIALE DES BOIS, "FABAS", HAS STOCKS CAPABLE OF SUPPLYING MARKET FOR EIGHTEEN MONTHS, WHILE PRIVATE SECTOR HAD MORE THAN A SIX-MONTH SUPPLY. THE ARTICLE STATED THAT PRIVATE SECTOR'S ABILITY TO OFFER TYPES OF LUMBER DESIRED AT FAVORABLE PRICES WITHOUT INCLUDING UNDESIRABLE SPECIES (SEE REFTTEL B) HAS CAUSED A SLUMP IN "FABAS" SALES. IN ADDITION, THE ARTICLE CITED PORT CONGESTION CAUSED BY LUMBER SHIPMENTS AS ANOTHER PARTIAL REASON FOR BAN.

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PAGE 02 ALEXAN 00162 171542Z POSS DUPE

3. CONGEN DISCUSSED ORDER FEBRUARY 13 WITH MANAGERS "FABAS", WHICH CONTROLS 93 PERCENT OF EGYPT'S LUMBER IMPORTS. MANAGERS SAID THAT THE COMPANY HAS OVER 700,000 CU.M. OF TIMBER IN ITS ALEXANDRIA LUMBER YARDS AND CONFIRMED NEWSPAPER REPORT THAT 16 FULLY LADEN VESSELS WERE

WAITING THEIR TURN TO BERTH AND DISCHARGE THEIR  
LUMBER CARGOES.

4. FABAS MANAGERS EXPLAINED TO CONGEG THAT THE THREE  
QUAYS ALLOTTED THEM ARE GLUTTED DESPITE 24 HOUR  
PER DAY DISCHARGING OPERATIONS. LIGHTERS ARE  
ALSO BEING USED TO DISCHARGE VESSELS AT ANCHOR  
WITHIN THE PORT'S BREAKWATER. THE COMPANY IS NOW  
SERIOUSLY CONSIDERING THE USE OF HELICOPTERS TO  
DISCHARGE VESSELS OUTSIDE THE BREAKWATER.  
MR. EL-DARDIRI, CHAIRMAN OF FABAS, SAID THAT HIS  
COMPANY IS PAYING APPROXIMATELY DOLLARS 10,000  
A DAY IN DEMURRAGE SO THAT THE USE OF HELICOPTERS IS  
ECONOMICALLY JUSTIFIABLE.

5. SEVERAL ALEXANDRIA PRIVATE SECTOR LUMBER IMPORTERS  
INTERVIEWED ALSO BELIEVE THAT THE GOVERNMENT'S  
MOTIVE IS TO ENSURE PUBLIC SECTOR MONOPOLY OF  
THE MARKET AND ITS CONSEQUENT PROFITS.

6. ALL UNUSED IMPORT PERMITS HELD BY LUMBER IMPORTING  
FIRMS IN EGYPT HAVE BEEN CANCELLED. CONTRACTS CON-  
CLUDED BEFORE THE MINISTRY ORDER WAS ISSUED REMAIN  
VALID. HOWEVER, ANY QUANTITIES IMPORTED CONTRARY  
TO THIS ORDER WILL BE SUBJECT TO A GOE CUSTOMS  
PENALTY VALUED AT TWICE THE WORTH OF THE CON-  
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PAGE 03 ALEXAN 00162 171542Z POSS DUPE

SIGNMENT.

7. COMMENT: EMBASSY CAIRO ADVISES THAT MINISTRY OF TRADE UNDER  
SECRETARY TOLD EMBOFF THAT BAN LIKELY TO LAST ONLY FEW MONTHS.  
HE EMPHASIZED CONGESTION AT LUMBER QUAY AS A  
MAJOR REASON FOR IMPOSING BAN. MCCLELLAND

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## Message Attributes

**Automatic Decaptioning:** Z  
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**Draft Date:** 17 feb 1978  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** ONLY  
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**TAGS:** EPAP, EG  
**To:** STATE COM  
**Type:** TE  
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